

July 2, 2015

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DIV. OF OIL, GAS & MINING

Paul Baker
Environmental Manager
Utah Department of Natural Resources
Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Re: Public Land Policy Coordinating Committee Comments

Dear Mr. Baker:

We are in receipt of your letter dated June 11, 2015, regarding comments on the tentative approval of the revised Notice of Intention to Commence Large Mining Operations (NOI) which the Division of Oil, Gas and Mining (Division) received from the State of Utah, Public Land Policy Coordination Office (PLPCO). We have reviewed the PLPCO letter, dated May 12, 2015, consulted with PLPCO regarding the Utah Department of Environmental Quality, Division of Air Quality's (DAQ) comments, and have confirmed that the comments are not intended to evidence an assertion by DAQ that any permit is required. Rather, the comments are simply intended to provide notice that, if state air quality permits or other state air quality requirements are applicable to the project, those requirements need to be satisfied.

USOS's operations will be located in both Uintah and Grand Counties. All processing facilities and potential emissions sources, such as generators, crushing equipment, and the bitumen separation facilities, are situated within Uintah County. As discussed in the NOI, EPA, not DAQ, is the regulatory and permitting authority for the portion of the operations situated in Uintah County (NOI at 41). USOS has consulted with EPA Region 8 regarding air quality permitting, and will continue to work with EPA Region 8 to ensure compliance with air quality requirements applicable to these facilities.

PLPCO's letter also notes that DAQ regulations include requirements to minimize fugitive dust emissions from the operations. While no permit is required, the regulations require regulated operators disturbing more than 1/4 acre of soil to employ certain management practices, such as watering, chemical stabilization, vegetative or synthetic cover, and windbreaks. As described in the

NOI, USOS will employ measures for both active and passive management of fugitive dust from its operations, including the portion of its operations in Grand County (NOI at 41). These management practices are designed and will be implemented to minimize fugitive dust emissions as provided in Utah Admin. Code R307-205-5.

As described above, no DAQ permitting is required and no amendment of the NOI is necessary to respond to the comments included in PLPCO's letter. If you have any questions or concerns, please do not hesitate to contact me at doug.thornton@usoilsandsinc.com or 801-231-3114.

Sincerely,



Doug Thornton
HSE & Regulatory Manager